

**District 2 Community Enhancement Corporation  
Financial Statements  
Year Ended June 30, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **MAR 07 2012**

# **DISTRICT 2 COMMUNITY ENHANCEMENT CORPORATION**

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**CURTIS A. MORET**  
CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Trustees of  
District 2 Community Enhancement Corporation

I have reviewed the accompanying statement of financial position of District 2 Community Enhancement Corporation (a nonprofit organization) as of June 30, 2011, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

*Curtis A. Moret*

New Orleans, Louisiana

December 20, 2011

District 2 Community Enhancement Corporation  
Statement of Financial Position  
June 30, 2011

ASSETS

Current assets:

Cash and cash equivalents	\$ 53,437
Grants receivable	62,047
Prepays	<u>3,000</u>

TOTAL CURRENT ASSETS 118,484

Property and equipment, net (note C) 438,905

TOTAL ASSETS 557,389

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	26,972
Accrued liabilities	9,567
Note payable	<u>42,000</u>

TOTAL CURRENT LIABILITIES/TOTAL LIABILITIES 78,539

Net assets:

Unrestricted net assets:

Operating 478,850

TOTAL LIABILITIES AND NET ASSETS 557,389

District 2 Community Enhancement Corporation  
Statement of Activities  
Year Ended June 30, 2011

**SUPPORT AND REVENUE:**

Grants	\$ 480,782
Donations	8,726
Interest Income	92
Miscellaneous	<u>5,246</u>
Total Support and Revenue	<u>494,846</u>

**EXPENSES:**

Program Services:	
Cultural Enhancement	531,507
Capital Outlay Projects/Other	7,690
Eastern New Orleans and the Lower Ninth Ward Enrichment	<u>14,618</u>
Total Program Services	553,815

**SUPPORT SERVICES**  
General & Administrative

	<u>776</u>
Total Expenses	<u>554,591</u>

Change in Net Assets	(59,745)
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Net Assets, beginning of year	<u>538,595</u>
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Net Assets, end of year	<u><u>478,850</u></u>
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District 2 Community Enhancement Corporation  
Statement of Cash Flows  
Year Ended June 30, 2011

**Cash Flows From Operating Activities:**

Change in Net Assets	\$ (59,745)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	8,553
Decrease in accounts receivable	34,133
Increase in accounts payable	26,972
Increase in accrued liabilities	<u>288</u>
Net cash provided by operating activities	10,201

**Cash Flows From Investing Activities:**

Purchases of property and equipment	<u>(73,064)</u>
Net cash used by investing activities	(73,064)

**Cash Flows From Financing Activities:**

New borrowings	<u>42,000</u>
Net cash provided by financing activities	<u>42,000</u>
Net decrease in cash and cash equivalents	(20,863)
Cash and cash equivalents, beginning of year	<u>74,300</u>
Cash and cash equivalents, end of year	<u><u>53,437</u></u>

**Supplemental disclosures**

Interest paid	\$ 669
Income taxes paid	-

District 2 Community Enhancement Corporation  
Notes to Financial Statements

Note A - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

District 2 Community Enhancement Corporation (District 2) was incorporated in July 2004 as a mechanism for convening and providing services to the diverse neighborhoods of Senate District 2 which includes New Orleans East and the Lower Ninth Ward, in Orleans Parish, New Orleans, Louisiana. The mission of District 2 is to enhance the quality of life of residents of New Orleans East and the Lower Ninth Ward through advocacy, programming and organized community action.

Basis of Accounting

The financial statements of District 2 have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

District 2 is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements.

District 2 Community Enhancement Corporation  
Notes to Financial Statements

Note A - Nature of Activities and Summary of Significant Accounting Policies,  
continued

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. Fair value approximates carrying amounts.

Furniture and Equipment

Furniture and equipment are capitalized at cost. It is District 2's policy to capitalize expenditures for these items in excess of \$1,000. Lesser amounts are expensed. Furniture and equipment are being depreciated over estimated useful lives of five to seven years using a straight lines method, with a half of a year's depreciation recognized in the years of acquisition and disposal.

Revenue

District 2 receives substantially all of its revenue from federal, state and city grants.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note B - Grants Receivable

Grants receivable are deemed to be fully collectible by management and are composed of the following amounts due at June 30, 2011:

State of Louisiana – Office of Community Development Disaster Recovery Unit	\$ 53,075
State of Louisiana – Department of Economic Development	8,972
	<hr/> 62,047 <hr/>



District 2 Community Enhancement Corporation  
Notes to Financial Statements

Note C – Property and Equipment

The following is a summary of property and equipment at June 30, 2011:

Land	\$ 408,172
Building	8,972
Furniture	7,334
Equipment	<u>37,521</u>
	461,999
Less accumulated depreciation	<u>23,094</u>
Total	<u>\$438,905</u>

Note D – Lease Commitments

During the year District 2 entered into non-cancelable operating leases for its office and program facilities with terms of one year. The following is a schedule of future minimum rentals under the leases at June 30, 2011:

2012	\$ 36,000
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Rent expense for the fiscal year ended June 30, 2011 was \$43,000.

Note E – Note Payable

District 2 has a \$50,000 revolving line of credit of which \$8,000 was unused at June 30, 2011. Bank advances on the credit line are payable on demand and carry an interest rate of 8%. The outstanding balance matures and is payable in full on January 12, 2012.

Note F – Economic Dependency

The Corporation's revenue is derived primarily from funds provided through grants administered by the state of Louisiana. If significant budget cuts are made at the state level, the amount of funds the corporation receives could be reduced significantly and have an adverse impact on its operations. At the time of completion of the examination of the corporation's financial statements, management was not aware of any actions that would adversely affect the amount of funds the corporation will receive in the next fiscal year.

District 2 Community Enhancement Corporation  
Notes to Financial Statements

**Note G – Evaluation of Subsequent Events**

The Corporation has evaluated subsequent events through December 20, 2011, the date which the financial statements were available to be used.



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CERTIFIED PUBLIC ACCOUNTANT

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**Independent Accountant's Report  
On Applying Agreed-Upon Procedures**

To the Board of Trustees of District 2 Community Enhancement Corporation

We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of Any Quasi-Public Entity, the Legislative Auditor, State of Louisiana, and applicable state grantor agency/agencies solely to assist the users in evaluating management's assertions about Any Quasi-Public Entity's compliance with certain laws and regulations during the year ended June 30, 2011 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

**Federal, State, and Local Awards**

1. Determine the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Any Quasi-Public Entity's Federal award expenditures for all Federal programs for the fiscal year follow:

Federal Grant Name	Grant Year	CFDA No.	Amount
State of Louisiana-CDBG Disaster Recovery Program	2010-2012	14.218	\$223,801
Total Expenditures			223,801

2. For each Federal, state and local award, we randomly selected 6 disbursements from each award administered during the period under examination, provided that no more than 30 disbursements would be selected.

3. For the items selected in procedure 2, we traced the six disbursements to supporting documentation as to proper amount and payee.

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

4. For the items selected in procedure 2, we determined if the six disbursements were properly coded to the correct fund and general ledger account.

All of the payments were properly coded to the correct fund and general ledger account.

5. For the items selected in procedure 2, we determined whether the six disbursements received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approval from the organization's president.

6. For the items selected in procedure 2: For federal awards, we determined whether the disbursements complied with the applicable specific program compliance requirements summarized in the Compliance Supplement (or contained in the grant agreement, if the program is not included in the Compliance Supplement) and for state and local awards, we determined whether the disbursements complied with the grant agreement, relating to:

Activities allowed or unallowed:

We reviewed the previously listed disbursements for types of services allowed or not allowed. All of the checks complied with the allowability requirements.

#### Eligibility

We reviewed the previously listed disbursements for eligibility requirements. All of the checks complied with the eligibility requirements.

#### Reporting

We reviewed the previously listed disbursements for reporting requirements. All of the checks complied with the reporting requirements.

7. For the programs selected for testing in item (2) that had been closed out during the period under review, we compared the close-out report, when required, with the entity's financial records to determine whether the amounts agree.

None of the programs had been closed out by the fiscal year ended June 30, 2011.

## **Meetings**

8. We examined evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The open meetings law does not apply to the Organization because it is a non-profit entity and therefore does not meet the definition of a "public body".

## **Comprehensive Budget**

9. For all grants exceeding five thousand dollars, we determined that each applicable federal, state or local grantor agency/agency was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

Any Quasi-Public Entity provided comprehensive budgets to the applicable state grantor agencies for the programs mentioned previously. These budgets specified the anticipated uses of the funds, estimates of the duration of the projects, and plans showing specific goals and objectives that included measures of performance.

## **Prior Comments and Recommendations**

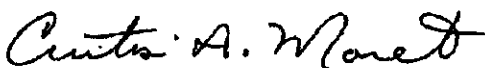
10. We reviewed any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

This is not applicable, as there were no prior-year suggestions, recommendations and/or comments requiring resolution.

We were not engaged to, and did not; perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The report is intended solely for the use of management of Any Quasi-Public Entity, the Legislative Auditor (State of Louisiana), and the applicable state grantor agency/agencies and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Curtis A. Moret



December 20, 2011

LOUISIANA ATTESTATION QUESTIONNAIRE  
(For Attestation Engagements of Quasi-public Entities)

11/15/2011 (Date Transmitted)

CURTIS A. MOREL, CPA  
P.O. BOX 531741  
N.O., LA. 70153  
(Auditors)

In connection with your review of our financial statements as of DISTRICT 2 COMMUNITY ENHANCEMENT CORP  
JUNE 30, 2011 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representation).

Federal, State, and Local Awards

We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes ☒ No ☐

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes ☒ No ☐

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes ☒ No ☐

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes ☒ No ☐

#### Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Yes ☐ No ☐ N/A

#### Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes ☒ No ☐

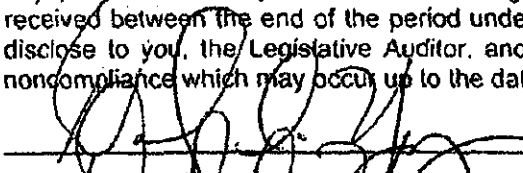
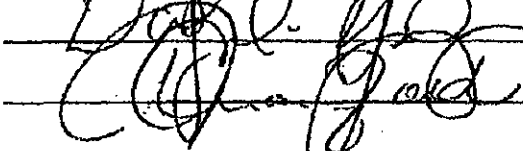
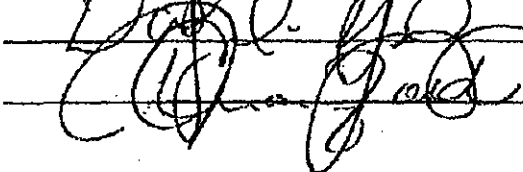
#### Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes ☐ No ☐ N/A

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.

	Secretary	11/20/2011	Date
	Treasurer	11/20/2011	Date
	President	11/20/2011	Date